

# Newsline Eight

Volume 14 June 2008



## America's square states will prosper again with the right type of help

By Elton W. Ringsak, Regional Administrator

**SBA's Monthly  
News Update  
-SERVING-  
COLORADO  
MONTANA  
NORTH DAKOTA  
SOUTH DAKOTA  
UTAH  
WYOMING**

Newsline Eight is circulated  
to our resource and lending  
partners by SBA's Region  
Eight Office

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**How can we sustain rural America?** I have spent many sleepless nights wondering whether America's rural communities will survive in the decades to come. Since 2002, I have traveled over 300,000 miles throughout my six state region – comprised of nearly 600,000 square miles of mostly square shaped states - discussing issues, talking with small business owners, community leaders, and public servants about how to jump start the economies of our small towns and cities.

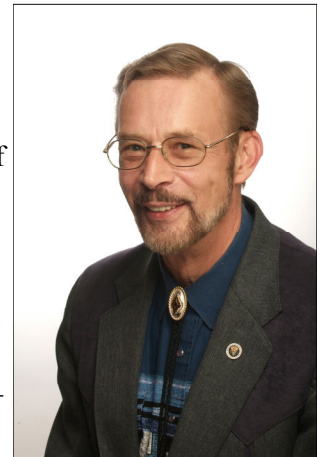
Since 1920, America's plains states have lost a third of their population. Amazingly, large parts of the Great Plains have fewer than six persons per square mile – with some parts having fewer than two persons per square mile. This unprecedented population loss has led some to suggest that much of the drier parts of the Great Plains are not sustainable, and propose that large areas be restored to native grassland grazed by buffalo, a proposal known as Buffalo Commons.

We can preserve America's heartland, but a coordinated economic development effort is required. Today, the SBA, USDA, Economic Development Agency, BIA and Minority Business Development Agency all have economic impact programs designed for rural areas. A unified policy should identify rural one sector – i.e. agriculture. are not synonymous. We cannot of rural America to just its agri- but must include in that defini- cal Ag-related business has on most small towns.

Globalization has ties since their economies The internet has increasingly nue for commerce, news, 20 percent of Americans High Speed Internet access

operate on razor thin margins. The challenge for most rural areas is to transform from a

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## Advocacy Comments on New 3 Percent Withholding Requirement

### BY JIM HENDERSON, REGION VIII ADVOCATE

On April 24, the Office of Advocacy submitted comments on a notice issued by the U.S. Department of the Treasury, and the Internal Revenue Service (IRS), “Government Entities Required to Withhold 3 Percent on Payments for Services and Property” (Notice 2008-38). The notice asks for public comments regarding forthcoming guidance implementing a federal law passed in 2005. The law would require that all government entities (except for certain small state entities) to withhold 3 percent of all payments for services or property made after December 31, 2010. The 3 percent withholding tax will adversely affect all small businesses that provide services to government entities. The requirement will force most small government service providers to increase their debt level in order to ensure sufficient cash flows, and they will be forced to pass these additional expenses on to their government customers. Small firms that are unable to secure additional debt may be forced out of the federal contracting business altogether.

Advocacy offered the following suggestions for Treasury and the IRS to consider to reduce the overall burden of the 3 percent withholding requirement on small business:

- ◆ Small businesses should be permitted to offset payroll tax submissions by the 3 percent amount withheld and should be reimbursed quarterly for any amounts withheld in excess of their payroll tax liabilities;
  - ◆ Payments to subcontractors should be excluded from the definition of “contract amount”; and
  - ◆ Federal construction contracts that are already subject to the Miller Act should be exempt from the 3 percent withholding requirement. (Contracts covered by the Miller Act are already subject to similar requirements.)
- Advocacy’s letter to Treasury and the IRS may be accessed at [www.sba.gov/advo/laws/comments/](http://www.sba.gov/advo/laws/comments/). For more information, contact Assistant Chief Counsel Dillon Taylor by email at [Dillon.taylor@sba.gov](mailto:Dillon.taylor@sba.gov) or at (202) 401-9787.

### COLORADO DEPARTMENT OF TRANSPORTATION DISPARITY STUDY

The Colorado Department of Transportation (CDOT) is conducting a Disparity Study to determine what facts, if any, exist to support CDOT programs that enhance the use of minority- and woman-owned businesses. To make sure these programs work for all businesses, we need your help to learn more about the contracting and subcontracting experiences of Disadvantaged Business Enterprises (DBE) and non-DBE firms. If your firm does work related to highway construction, design or engineering, we would like to know more about your business. Please take a few moments to complete a brief online survey. Your input will be confidential and it will have a direct impact on the future of CDOT's contracting practices. Go to the following website to participate in the disparity study:

[https://www.surveymonkey.com/s.aspx?  
sm=4dIFC3dz01PUXjabKm9TDw\\_3d\\_3d](https://www.surveymonkey.com/s.aspx?sm=4dIFC3dz01PUXjabKm9TDw_3d_3d)

For more information about the CDOT Disparity Study, or to schedule a personal interview, please call  
(303) 504-5243.

### Region VIII Rural Lender Advantage Contacts

#### Colorado

Lynette Newman or  
Ron Solberg, 303-844-2607

#### Montana

Jon Donovan or Rena Carlson, 406-441-1081

#### North Dakota

Keith Bjornson or  
Alan Haut, 701-239-5131

#### South Dakota

Paul Gunderson or  
Chuck Hughes, 605-330-4243

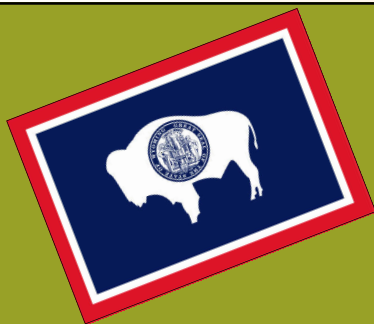
#### Utah

Blaine Andrus or  
Steve Price, 801-524-3200

#### Wyoming

Bob Auflick or Steve Parker, 307-261-6500

## WYOMING EVENTS



The Wyoming District Office Veterans Affairs Officer, Dave Denke, will give a 30-minute presentation to attendees at the Transitional

Assistance Program (TAP) at F. E. Warren Air Force Base in Cheyenne, WY on June 19, 2008. He will be talking about SBA's programs and services. For more information please contact SBA's Dave Denke at (307) 261-6523 or email him at [david.denke@sba.gov](mailto:david.denke@sba.gov).

## UTAH EVENTS

The Utah District Office will be holding a Matchmaking event on Thursday, June 26<sup>th</sup> at the Federal Building, 125 South State Street, Room 222, Salt Lake City. This is a great opportunity to meet contracting officers from the Sacramento Corp of Engineers, National Park Service, General Services Administration, National Guard, Bureau of Reclamation, USDA, Dugway Proving Grounds, Tooele Army Depot, Defense Information Systems Agency, Forest Service, and the Veterans Administration. For more information regarding this Matchmaking event, please contact Nancy Byerly at (801) 524-6831 or Linda Glines at (801) 524-3227.

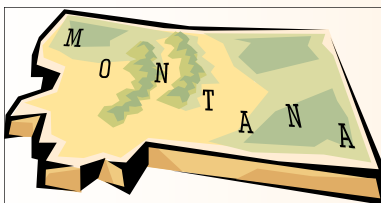
If you would like to email Nancy or Linda, you can reach them at [nancy.byerly@sba.gov](mailto:nancy.byerly@sba.gov) or



**North Dakota.** On June 11th, the North Dakota District Office will be hosting the webinar "12 Steps to Getting Started in Federal Contracting" from 8:30am – 9:30am. To participate, you will need a telephone and separate internet connection. Dial 1-866-740-1260 and enter access code 308751; then access the Internet website [www.readytalk.com](http://www.readytalk.com) and enter the same access code. Webinars are education sessions performed by a live presenter on the phone and are supported by a presentation delivered over the Internet. It is a great way to learn valuable information without leaving the office. For more information, contact the SBA at (701) 330-4243.

**South Dakota.** The South Dakota District Office would like to introduce their summer intern, Jeremy Huber. Jeremy grew up in the small South Dakota town of Ethan where he enjoyed sports, hunting and fishing. Jeremy participated in football, basketball, track and softball, and was a member of the 9AA State Championship Football Team of 2001. His joy for football and the pursuit for higher education let him to attend Augustana College in Sioux Falls where Jeremy is majoring in Business Administration with an emphasis in finance, marketing and management. Jeremy aspires to own his own business someday. Jeremy's passion for small business is what led him to the SD office. He feels while working at SBA he can help others achieve their business goals while stimulating the South Dakota economy and feel good knowing he was part of the process.

## Montana's Small Business Week Celebration



The SBA Montana District Office is currently targeting lenders across Montana who do not currently participate in SBA lending programs or that have been inactive in SBA lending for the past several years. We would like to meet with you and help develop an SBA lending program within your organization. We are currently signing up banks and scheduling individual one-on-one training throughout the summer on SBA

lending programs. If your bank is interested in receiving in-house training, please contact either John Donovan at (406) 441-1087 ([john.donovan@sba.gov](mailto:john.donovan@sba.gov)) or Rena Carlson ([lorena.carlson@sba.gov](mailto:lorena.carlson@sba.gov)) at (406) 441-1086 to schedule your session.

commodity economy to a knowledge-driven economy. And with the world community equally at all of our fingertips (via the Internet), so are worldwide businesses.

To be successful we must create an atmosphere where [domestic in-sourcing is an alternative to offshore out-sourcing](#). The SBA has made it a priority to provide financing to small businesses that locate in rural communities. We need to work diligently to “in-source” new business opportunities in these areas. Communities should not be afraid to create new, alternative, and maybe even risky and unconventional ways to increase economic revenue.

Export goods and import people should be the Mantra! While many small-town locals want visitors to buy their products, few desire urban dwellers to become rural residents. This thinking must change. We must export goods and import people, i.e. make attracting others to your community a mission, continued economic viability depends on it. Most small communities have a very rich history that can be a prime lure for tourist and entrepreneurs alike.

As a national priority, we must create ways to retain young people in the rural areas, as well as entice those young professionals who have departed for the “Big City” back. Obtaining a college education or moving to a Metropolitan area where the jobs are more plentiful and the pay considerably higher is the major reason young people leave the rural areas. We currently give them few reasons to return home, settle in and raise their families. With opportunities for online employment, telecommuting will become more of a norm than the exception. Studies show that many of the best and brightest young Americans are those who have grown up in rural areas.

I understand there are no quick fixes to the economic decline in rural America, but I believe it can be arrested and reversed, if we work together, are willing to think outside the box, and change the paradigm we have worked within for the past 50 years. With the recent introduction of the SBA’s Rural Lender Advantage, which provides access to capital as well as increased incentives to community banks to make more loans in small towns and cities, I believe we are on the right path to retaining our rural communities and lifestyle. .

If we do, I know we will not only preserve but rediscover the simple pleasures of life, as one of America's founders, John Adams, once described, "As much as I converse with sages and heroes, they have very little of my love and admiration. I long for rural and domestic scene, for the warbling of birds and the prattling of my children."

### **The SBA Supports our Veterans and Their Families**

Support for our nation’s veterans starts at home. Not only do we owe our veterans a tremendous amount of gratitude for their service and sacrifice to our nation, but we also owe them the opportunity to make a decent living here at home. This is even more relevant today since so many of our military men and women are serving in harms way across the globe. The U.S. Small Business Administration takes their commitment to our country seriously and with a sense of urgency, and the Colorado District Office has made improving SBA services for veterans one of his top priorities.

Recent data shows us that one in seven veterans is a small business owner, and that more than 22 percent of veterans who have served since the Korean War are thinking about or are taking steps to start or purchase a small business. With nearly 27 million living veterans in this country the SBA is tasked with providing innovative programs and services that will meet their specific needs and address their many challenges.

SBA’s Patriot Express Loan Initiative is available to military community members including veterans, service-disabled veterans, active-duty service members participating in the military’s Transition Assistance Program, Reservists and National Guard members, current spouses of any of the above, and the widowed spouse of a service member or veteran who died during service, or of a service-connected disability. The Patriot Express Loan is offered through SBA’s network of participating lenders, and features SBA’s fastest turnaround time for loan approvals. Loans are available up to \$500,000 and qualify for SBA’s maximum guaranty of up to 85 percent for loans of \$150,000 or less and up to 75 percent for loans over \$150,000 up to \$500,000.

The Patriot Express Loan can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases. Patriot Express Loans feature SBA’s lowest interest rates for business loans, generally 2.25 percent to 4.75 percent over prime depending upon the size and maturity of the loan

The SBA has a comprehensive network of business development resources – including SCORE – Counselors to America’s Small Business, our Small Business Development Centers, and Women’s Business Centers -- that can help a veteran write a business plan, develop a marketing strategy, develop a loan package, or learn how run a business on a daily basis.

Our veterans demand and deserve our support at home. Whether it is help developing a comprehensive business plan, finding the right type of business loan, help obtaining a surety bond, advice on how to export their products or services abroad, or ideas on how to more effectively contract with the federal government the SBA is here to help. Our nation’s veterans served our country with honor. Now it is our turn to serve them. For additional information on SBA’s programs and services, please visit [www.sba.gov](http://www.sba.gov) or contact your local SBA office.